



3015 (02-09-04)

ANNUAL REPORT

OF

Name: VILLAGE OF FRIENDSHIP WATER UTILITY

Principal Office: 507 WEST LAKE STREET
P.O. BOX 206
FRIENDSHIP, WI 53934

For the Year Ended: DECEMBER 31, 1998

WATER, ELECTRIC, OR JOINT UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 266-3766

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: VILLAGE OF FRIENDSHIP WATER UTILITY**Utility Address:** 507 WEST LAKE STREET

P.O. BOX 206

FRIENDSHIP, WI 53934

When was utility organized? 9/1/1939**Report any change in name:****Effective Date:****Utility Web Site:**

Utility employee in charge of correspondence concerning this report:

Name: MS KATHY PIERCE**Title:** CLERK TREASURER**Office Address:**

507 WEST LAKE STREET

P.O. BOX 206

FRIENDSHIP, WI 53934

Telephone: (608) 339 - 3243**Fax Number:** (608) 339 - 4763**E-mail Address:**

Individual or firm, if other than utility employee, preparing this report:

Name: MR JOHN C ANDRES CPA**Title:** PARTNER**Office Address:** VIRCHOW, KRAUSE AND COMPANY LLP

4600 AMERICAN PARKWAY

P.O. BOX 7398

MADISON, WI 53718-7395

Telephone: (608) 249 - 6622**Fax Number:** (608) 249 - 8532**E-mail Address:** jandres@virchowkrause.com

Are records of utility audited by individuals or firms, other than utility employee? NO

Individual or firm, if other than utility employee, auditing utility records:

Name: NONE**Title:****Office Address:****Telephone:****Fax Number:****E-mail Address:****Date of most recent audit report:****Period covered by most recent audit:**

IDENTIFICATION AND OWNERSHIP

Names and titles of utility management including manager or superintendent:

Name: NONE**Title:****Office Address:****Telephone:****Fax Number:****E-mail Address:**

Name of utility commission/committee: UTILITY COMMITTEE

Names of members of utility commission/committee:

JOHN JONES

MARK LUBELT

JOHN ROSEBERRY

CHARLES SPARGO

CHARLES SPATHOLT

PELA STUNES

ED SZCZESNY

Is sewer service rendered by the utility? NO**If "yes," has the municipality, by ordinance, combined the water and sewer service into a single public utility, as provided by Wis. Stat. § 66.077 of the Wisconsin Statutes?** NO**Date of Ordinance:** **Are any of the utility administrative or operational functions under contract or agreement with an outside provider for the year covered by this annual report and/or current year (i.e., operation of water or sewer treatment plant)?** NO

Provide the following information regarding the provider(s) of contract services:

Firm Name:**Contact Person:****Title:****Telephone:****Fax Number:****E-mail Address:**

Contract/Agreement beginning-ending dates:**Provide a brief description of the nature of Contract Operations being provided:**

INCOME STATEMENT

Particulars (a)	This Year (b)	Last Year (c)	
UTILITY OPERATING INCOME			
Operating Revenues (400)	176,947	157,778	1
Operating Expenses:			
Operation and Maintenance Expense (401)	117,803	105,683	2
Depreciation Expense (403)	9,744	8,466	3
Amortization Expense (404)	0	0	4
Taxes (408)	10,793	8,510	5
Total Operating Expenses	138,340	122,659	
Net Operating Income	38,607	35,119	
Income from Utility Plant Leased to Others (412-413)	0	0	6
Utility Operating Income	38,607	35,119	
OTHER INCOME			
Income from Merchandising, Jobbing and Contract Work (415-416)	0	0	7
Nonoperating Rental Income (418)	0	0	8
Interest and Dividend Income (419)	8,803	5,930	9
Miscellaneous Nonoperating Income (421)	0	0	10
Total Other Income	8,803	5,930	
Total Income	47,410	41,049	
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Amortization (425)	0	0	11
Other Income Deductions (426)	0	0	12
Total Miscellaneous Income Deductions	0	0	
Income Before Interest Charges	47,410	41,049	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	9,676	780	13
Amortization of Debt Discount and Expense (428)	908	151	14
Amortization of Premium on Debt--Cr. (429)			15
Interest on Debt to Municipality (430)	0	0	16
Other Interest Expense (431)	0	0	17
Interest Charged to Construction--Cr. (432)			18
Total Interest Charges	10,584	931	
Net Income	36,826	40,118	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	357,968	317,850	19
Balance Transferred from Income (433)	36,826	40,118	20
Miscellaneous Credits to Surplus (434)	0	0	21
Miscellaneous Debits to Surplus--Debit (435)	0	0	22
Appropriations of Surplus--Debit (436)	0	0	23
Appropriations of Income to Municipal Funds--Debit (439)	0	0	24
Total Unappropriated Earned Surplus End of Year (216)	394,794	357,968	

INCOME STATEMENT ACCOUNT DETAILS

1. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.
2. Nonregulated sewer income should be reported as Miscellaneous Nonoperating Income, Account 421.

Description of Item (a)	Amount (b)	
Revenues from Utility Plant Leased to Others (412):		
NONE		1
Total (Acct. 412):	0	
Expenses of Utility Plant Leased to Others (413):		
NONE		2
Total (Acct. 413):	0	
Nonoperating Rental Income (418):		
NONE		3
Total (Acct. 418):	0	
Interest and Dividend Income (419):		
Interest income	8,803	4
Total (Acct. 419):	8,803	
Miscellaneous Nonoperating Income (421):		
NONE		5
Total (Acct. 421):	0	
Miscellaneous Amortization (425):		
NONE		6
Total (Acct. 425):	0	
Other Income Deductions (426):		
NONE		7
Total (Acct. 426):	0	
Miscellaneous Credits to Surplus (434):		
NONE		8
Total (Acct. 434):	0	
Miscellaneous Debits to Surplus (435):		
NONE		9
Total (Acct. 435)--Debit:	0	
Appropriations of Surplus (436):		
Detail appropriations to (from) account 215		10
Total (Acct. 436)--Debit:	0	
Appropriations of Income to Municipal Funds (439):		
NONE		11
Total (Acct. 439)--Debit:	0	

INCOME FROM MERCHANDISING, JOBBING & CONTRACT WORK (ACCTS. 415-416)

Particulars (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Revenues (account 415)					0	1
Costs and Expenses of Merchandising, Jobbing and Contract Work (416):						
Cost of merchandise sold					0	2
Payroll					0	3
Materials					0	4
Taxes					0	5
Other (list by major classes):					0	6
Total costs and expenses	0	0	0	0	0	
Net income (or loss)	0	0	0	0	0	

REVENUES SUBJECT TO WISCONSIN REMAINDER ASSESSMENT

1. Report data necessary to calculate revenue subject to Wisconsin remainder assessment pursuant to Wis. Stat. § 196.85(2) and Wis. Admin. Code Ch. PSC 5.
2. If the sewer department is not regulated by the PSC, do not report sewer department data in column (d).

Description (a)	Water Utility (b)	Electric Utility (c)	Sewer Utility (Regulated Only) (d)	Gas Utility (e)	Total (f)	
Total operating revenues	176,947	0	0	0	176,947	1
Less: interdepartmental sales	0		0	0	0	2
Less: interdepartmental rents					0	3
Less: return on net investment in meters charged to regulated sewer department. (Do not report if nonregulated sewer.)	0				0	4
Less: uncollectibles directly expensed as reported in water acct. 904 (690 class D), sewer acct. 843, and electric acct. 904 (590 class D) -or- Net write-offs when Accumulated Provision for Uncollectible Accounts (acct. 144) is maintained					0	5
Other Increases or (Decreases) to Operating Revenues - Specify:					0	6
Revenues subject to Wisconsin Remainder Assessment	176,947	0	0	0	176,947	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	629,083	603,173	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	64,773	54,167	2
Net Utility Plant	564,310	549,006	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	0	0	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	0	0	4
Net Nonutility Property	0	0	
Investment in Municipality (123)	6,500	6,500	5
Other Investments (124)	2,215	5,415	6
Special Funds (125)	97,232	88,237	7
Total Other Property and Investments	105,947	100,152	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	125,459	3,860	8
Temporary Cash Investments (132)		58,789	9
Notes Receivable (141)	0	0	10
Customer Accounts Receivable (142)	39,551	27,266	11
Other Accounts Receivable (143)	0	0	12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	8,008	6,963	14
Materials and Supplies (150)	0	0	15
Prepayments (165)	0	0	16
Other Current and Accrued Assets (170)			17
Total Current and Accrued Assets	173,018	96,878	
DEFERRED DEBITS			
Unamortized Debt Discount and Expense (181)	8,026	8,934	18
Extraordinary Property Losses (182)	0	0	19
Other Deferred Debits (183)	0	20,382	20
Total Deferred Debits	8,026	29,316	
Total Assets and Other Debits	851,301	775,352	

BALANCE SHEET

Liabilities and Other Credits (a)	Balance End of Year (b)	Balance First of Year (c)	
PROPRIETARY CAPITAL			
Capital Paid in by Municipality (200)	15,199	15,199	21
Appropriated Earned Surplus (215)			22
Unappropriated Earned Surplus (216)	394,794	357,968	23
Total Proprietary Capital	409,993	373,167	
LONG-TERM DEBT			
Bonds (221)	189,799	205,356	24
Advances from Municipality (223)	0	0	25
Other long-Term Debt (224)	0	0	26
Total Long-Term Debt	189,799	205,356	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0	0	27
Accounts Payable (232)	17,586	14,159	28
Payables to Municipality (233)	2,606	19,101	29
Customer Deposits (235)			30
Taxes Accrued (236)	24,058	14,537	31
Interest Accrued (237)	1,094	780	32
Other Current and Accrued Liabilities (238)			33
Total Current and Accrued Liabilities	45,344	48,577	
DEFERRED CREDITS			
Unamortized Premium on Debt (251)	0	0	34
Customer Advances for Construction (252)			35
Other Deferred Credits (253)	0	0	36
Total Deferred Credits	0	0	
OPERATING RESERVES			
Miscellaneous Operating Reserves (265)			37
Total Operating Reserves	0	0	
CONTRIBUTIONS IN AID OF CONSTRUCTION			
Contributions in Aid of Construction (271)	206,165	148,252	38
Total Liabilities and Other Credits	851,301	775,352	

NET UTILITY PLANT

Report utility plant accounts and related accumulated provisions for depreciation and amortization after allocation of common plant accounts and related provisions for depreciation and amortization to utility departments as of December 31.

Particulars (a)	Water (b)	Sewer (c)	Gas (d)	Electric (e)	
Plant Accounts:					
Utility Plant in Service (100)	629,083	0	0	0	1
Utility Plant Purchased or Sold (391)					2
Utility Plant in Process of Reclassification (392)					3
Utility Plant Leased to Others (393)					4
Property Held for Future Use (394)					5
Construction Work in Progress (395)					6
Utility Plant Acquisition Adjustments (396)					7
Other Utility Plant Adjustments (397)					8
Total Utility Plant	629,083	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	64,773	0	0	0	9
Total Accumulated Provision	64,773	0	0	0	
Net Utility Plant	564,310	0	0	0	

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Depreciation Accruals (Credits) during the year:

1. Report the amounts charged in the operating sections to Depreciation Expense (403).
2. If sewer operations are nonregulated, do not report sewer depreciation on this schedule.
3. Report the Depreciation Expense on Meters charged to sewer operations as an addition in the Water column.
If the sewer is also a regulated utility by the PSC, report an equal amount as a reduction in the Sewer column.
4. Report all other accruals charged to other accounts, such as to clearing accounts.

Particulars (a)	Water (b)	(c)	(d)	(e)	Total (f)	
Balance first of year	54,167				54,167	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	9,744				9,744	4
Depreciation expense on meters						5
charged to sewer (see Note 3)	1,222				1,222	6
Accruals charged other						7
accounts (specify):						8
					0	9
Salvage					0	10
Other credits (specify):						11
					0	12
Total credits	10,966	0	0	0	10,966	13
Debits during year						14
Book cost of plant retired	360				360	15
Cost of removal					0	16
Other debits (specify):						17
					0	18
Total debits	360	0	0	0	360	19
Balance End of Year	64,773	0	0	0	64,773	20
Composite Depreciation Rate?	No					21
If yes, what is the rate?						22

NET NONUTILITY PROPERTY (ACCTS. 121 & 122)

1. Report separately each item of property with a book cost of \$5,000 or more included in account 121.
2. Other items may be grouped by classes of property.
3. Describe in detail any investment in sewer department carried in this account.

Description (a)	Balance First of Year (b)	Additions During Year (c)	Deductions During Year (d)	Balance End of Year (e)	
Nonregulated sewer plant	0			0	1
Other (specify):	0			0	2
Total Nonutility Property (121)	0	0	0	0	
Less accum. prov. depr. & amort. (122)	0			0	3
Net Nonutility Property	0	0	0	0	

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CR. (ACCT. 144)

Particulars (a)	Amount (b)	
Balance first of year	0	1
Additions:		
Provision for uncollectibles during year		2
Collection of accounts previously written off: Utility Customers		3
Collection of accounts previously written off: Others		4
Total Additions	<u>0</u>	
Deductions:		
Accounts written off during the year: Utility Customers		5
Accounts written off during the year: Others		6
Total accounts written off	<u>0</u>	
Balance end of year	<u><u>0</u></u>	

MATERIALS AND SUPPLIES

Account (a)	Generation (b)	Transmission (c)	Distribution (d)	Other (e)	Total End of Year (f)	Amount Prior Year (g)
Electric Utility						
Fuel for generation					0	0 1
Other					0	0 2
Total Electric Utility					<u>0</u>	<u>0</u>

Account	Total End of Year	Amount Prior Year
Electric utility total	0	0 1
Water utility		0 2
Sewer utility		0 3
Gas utility		0 4
Merchandise		0 5
Other materials & supplies		0 6
Total Materials and Supplies	<u>0</u>	<u>0</u>

UNAMORTIZED DEBT DISCOUNT & EXPENSE & PREMIUM ON DEBT (ACCTS. 181 AND 251)

Report net discount and expense or premium separately for each security issue.

Debt Issue to Which Related (a)	Written Off During Year		Balance End of Year (d)	
	Amount (b)	Account Charged or Credited (c)		
Unamortized debt discount & expense (181)				
1997 MORTGAGE REVENUE BONDS	908	428	8,026	1
Total			8,026	
Unamortized premium on debt (251)				
NONE	0	428	0	2
Total			0	

CAPITAL PAID IN BY MUNICIPALITY (ACCT. 200)

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D, sewer and privates) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Amount (b)	
Balance first of year	15,199	1
Changes during year (explain):		
NONE		2
Balance end of year	15,199	

BONDS (ACCT. 221)

1. Report hereunder information required for each separate issue of bonds.
2. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.
3. Proceeds advanced by the municipality from sale of general obligation bonds, if repayable by utility, should be included in account 223.

Description of Issue (a)	Date of Issue (b)	Final Maturity Date (c)	Interest Rate (d)	Principal Amount End of Year (e)	
1997 MORTGAGE REVENUE BONDS	10/01/1997	10/01/2007	5.00%	189,799	1
Total Bonds (Account 221):				189,799	

NOTES PAYABLE & MISCELLANEOUS LONG-TERM DEBT

1. Report each class of debt included in Accounts 223, 224 and 231.
2. Proceeds of general obligation issues, if subject to repayment by the utility, should be included in Account 223.
3. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.

Account and Description of Obligation (a and b)	Date of Issue (c)	Final Maturity Date (d)	Interest Rate (e)	Principal Amount End of Year (f)
--	----------------------------------	--	----------------------------------	---

NONE

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)	
Balance first of year	14,537	1
Accruals:		
Charged water department expense	9,521	2
Charged electric department expense		3
Charged sewer department expense		4
Other (explain):		
NONE		5
Total Accruals and other credits	9,521	
Taxes paid during year:		
County, state and local taxes		6
Social Security taxes		7
PSC Remainder Assessment		8
Other (explain):		
NONE		9
Total payments and other debits	0	
Balance end of year	24,058	

INTEREST ACCRUED (ACCT. 237)

1. Report below interest accrued on each utility obligation.
2. Report Customer Deposits under Account 231.

Description of Issue (a)	Interest Accrued Balance First of Year (b)	Interest Accrued During Year (c)	Interest Paid During Year (d)	Interest Accrued Balance End of Year (e)	
Bonds (221)					
1997 MRB'S	780	9,676	9,362	1,094	1
Subtotal	780	9,676	9,362	1,094	
Advances from Municipality (223)					
NONE	0			0	2
Subtotal	0	0	0	0	
Other long-Term Debt (224)					
NONE	0			0	3
Subtotal	0	0	0	0	
Notes Payable (231)					
NONE	0			0	4
Subtotal	0	0	0	0	
Total	780	9,676	9,362	1,094	

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

Particulars (a)	Water (b)	Electric		Sewer (e)	Gas (f)	Total (g)	
		Distribution (c)	Other (d)				
Balance First of Year	148,252	0	0	0	0	148,252	1
Add credits during year:							
For Services	600					600	2
For Mains						0	3
Other (specify):							
Contributions from prior years	57,313					57,313	4
Deduct charges (specify):							
NONE						0	5
Balance End of Year	206,165	0	0	0	0	206,165	
Amount of federal and state grants in aid received for utility construction included in End of Year totals						0	6

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Investment in Municipality (123):		
Investment in sewer utility	6,500	1
Total (Acct. 123):	6,500	
Other Investments (124):		
Special assessments receivable	2,215	2
Total (Acct. 124):	2,215	
Special Funds (125):		
Construction, redemption and reserve accounts	97,232	3
Total (Acct. 125):	97,232	
Notes Receivable (141):		
NONE		4
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	39,551	5
Electric		6
Sewer (Regulated)		7
Other (specify):		
NONE		8
Total (Acct. 142):	39,551	
Other Accounts Receivable (143):		
Sewer (Non-regulated)		9
Merchandising, jobbing and contract work		10
Other (specify):		
NONE		11
Total (Acct. 143):	0	
Receivables from Municipality (145):		
Special assessments on tax roll	2,735	12
Receivable from sewer for joint metering, etc.	5,273	13
Total (Acct. 145):	8,008	
Prepayments (165):		
NONE		14
Total (Acct. 165):	0	
Extraordinary Property Losses (182):		
NONE		15
Total (Acct. 182):	0	

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Other Deferred Debits (183):		
NONE		16
Total (Acct. 183):	0	
Payables to Municipality (233):		
Amounts owed to village for FICA payments on behalf of utility	2,606	17
Total (Acct. 233):	2,606	
Other Deferred Credits (253):		
NONE		18
Total (Acct. 253):	0	

RETURN ON RATE BASE COMPUTATION

1. The data used in calculating rate base are averages.
2. Calculate those averages by summing the first-of-year and the end-of-year figures for each account and then dividing the sum by two.
3. Note: Do not include property held for future use or construction work in progress with utility plant in service. These are not rate base components.

Average Rate Base (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Add Average:						
Utility Plant in Service	616,128	0	0	0	616,128	1
Materials and Supplies	0	0	0	0	0	2
Other (specify):					0	3
Less Average:						
Reserve for Depreciation	59,470	0	0	0	59,470	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	177,208	0	0	0	177,208	6
Other (specify):					0	7
Average Net Rate Base	379,450	0	0	0	379,450	
Net Operating Income	38,607	0	0	0	38,607	8
Net Operating Income as a percent of						
Average Net Rate Base	10.17%	N/A	N/A	N/A	10.17%	

RETURN ON PROPRIETARY CAPITAL COMPUTATION

1. The data used in calculating proprietary capital are averages.
2. Calculate those averages by summing the first-of-year and end-of-year figures for each account and then dividing by two.

Description (a)	Amount (b)	
Average Proprietary Capital		
Capital Paid in by Municipality	15,199	1
Appropriated Earned Surplus	0	2
Unappropriated Earned Surplus	376,381	3
Other (Specify):		4
Total Average Proprietary Capital	391,580	
Net Income		
Net Income	36,826	5
Percent Return on Proprietary Capital	9.40%	

IMPORTANT CHANGES DURING THE YEAR

Report changes of any of the following types:

1. Acquisitions.

2. Leaseholder changes.

3. Extensions of service.

4. Estimated changes in revenues due to rate changes.

Rates were increased during the year.

5. Obligations incurred or assumed, excluding commercial paper.

6. Formal proceedings with the Public Service Commission.

Public fire protection was changed during the year from being received from the village to the utility bills. Also, the utility increased rates during the year.

7. Any additional matters.

FINANCIAL SECTION FOOTNOTES

Identification and Ownership (Page iv)

June 15, 1999

Ms. Kathy Pierce, Clerk Treasurer
Village of Friendship Water Utility
507 West Lake Street
P.O. Box 206
Friendship, WI 53934-0206

1998 Analytical Review DWCCA-2140-PJL

Dear Ms. Pierce:

The Public Service Commission has completed their analytical review of your 1998 annual report. The primary purpose of our analytical review is to detect possible accounting related errors and to identify significant fluctuations from prior year's data, which are not sufficiently explained in the footnotes of your annual report. Our review did not identify any such issues. We are closing the review of your 1998 annual report.

Thank you for your efforts in preparing your 1998 annual report. If you have any questions, please feel free to contact me at (608) 267-9198.

Sincerely,

Peter J. Leege
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

PJL:tlk:w:\compl\1998 analytical review letters\june 15 1999 letters L.doc

cc: Mr. John Jones

WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	175,531	1
Total Sales of Water	175,531	
Other Operating Revenues		
Forfeited Discounts (470)	0	2
Other Water Revenues (474)	1,416	3
Amortization of Construction Grants (475)	0	4
Total Other Operating Revenues	1,416	
Total Operating Revenues	176,947	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	78,871	5
General Operating Expenses (680-690)	38,932	6
Total Operation and Maintenance Expenses	117,803	
Other Operating Expenses		
Depreciation Expense (403)	9,744	7
Amortization Expense (404)		8
Taxes (408)	10,793	9
Total Other Operating Expenses	20,537	
Total Operating Expenses	138,340	
NET OPERATING INCOME	38,607	

WATER OPERATING REVENUES - SALES OF WATER

1. Where customer meters record cubic feet, multiply by 7.48 to obtain number of gallons.
2. Report estimated gallons for unmetered sales.
3. Sales to multiple dwelling buildings through a single meter serving 3 or more family units should be classified commercial.
4. Bulk sales should be account 460.

Particulars (a)	Average No. Customers (b)	Thousands of Gallons of Water Sold (c)	Amounts (d)	
Operating Revenues				
Sales of Water				
Unmetered Sales to General Customers (460)				
Residential				1
Commercial				2
Industrial				3
Total Unmetered Sales to General Customers (460)	0	0	0	
Metered Sales to General Customers (461)				
Residential	233	11,310	40,623	4
Commercial	52	11,765	27,040	5
Industrial	2	28,909	42,947	6
Total Metered Sales to General Customers (461)	287	51,984	110,610	
Private Fire Protection Service (462)				7
Public Fire Protection Service (463)	1		48,464	8
Other Sales to Public Authorities (464)	18	8,101	16,457	9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	306	60,085	175,531	

SALES FOR RESALE (ACCT. 466)

Use a separate line for each delivery point.

Customer Name (a)	Point of Delivery (b)	Thousands of Gallons Sold (c)	Revenues (d)
------------------------------------	--	--	-------------------------------

NONE

OTHER OPERATING REVENUES (WATER)

1. Report revenues relating to each account and fully describe each item using other than the account title.
2. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D and privates) and all other lesser amounts grouped as Miscellaneous.
3. For a combined utility which also provides sewer service that is based upon water readings, report the return on net investment in meters charged to sewer department in Other Water Revenues (474).

Particulars (a)	Amount (b)	
Public Fire Protection Service (463):		
Amount billed (usually per rate schedule F-1)	48,464	1
Wholesale fire protection billed		2
Amount billed for fighting fires outside utility's service areas (usually per rate schedule F-2 or BW-1)		3
Other (specify):		
NONE		4
Total Public Fire Protection Service (463)	48,464	
Forfeited Discounts (470):		
Customer late payment charges		5
Other (specify):		
NONE		6
Total Forfeited Discounts (470)	0	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department	869	7
Other (specify):		
Miscellaneous	547	8
Total Other Water Revenues (474)	1,416	
Amortization of Construction Grants (475):		
NONE		9
Total Amortization of Construction Grants (475)	0	

WATER OPERATION & MAINTENANCE EXPENSES

Each expense account that has an increase or a decrease when compared to the previous year of greater than 30 percent, but not less than \$2,000, shall be fully explained in the schedule footnotes.

Particulars (a)	Amount (b)	
PLANT OPERATION AND MAINTENANCE EXPENSES		
Salaries and Wages (600)	6,040	1
Purchased Water (610)	66,525	2
Fuel or Power Purchased for Pumping (620)		3
Chemicals (630)		4
Supplies and Expenses (640)	5,172	5
Repairs of Water Plant (650)	531	6
Transportation Expenses (660)	603	7
Total Plant Operation and Maintenance Expenses	78,871	
GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)	14,960	8
Office Supplies and Expenses (681)	1,083	9
Outside Services Employed (682)	9,816	10
Insurance Expense (684)	3,314	11
Employees Pensions and Benefits (686)	7,948	12
Regulatory Commission Expenses (688)	1,811	13
Miscellaneous General Expenses (689)		14
Uncollectible Accounts (690)		15
Total General Operating Expenses	38,932	
Total Operation and Maintenance Expenses	117,803	

TAXES (ACCT. 408 - WATER)

When allocation of taxes is made between departments, explain method used.
--

Description of Tax (a)	Method Used to Allocate Between Departments (b)	Amount (c)	
Property Tax Equivalent		9,521	1
Less: Local and School Tax Equivalent on Meters Charged to Sewer Department		567	2
Net property tax equivalent		8,954	
Social Security		1,607	3
PSC Remainder Assessment		232	4
Other (specify): NONE			5
Total tax expense		10,793	

PROPERTY TAX EQUIVALENT (WATER)

1. No property tax equivalent shall be determined for sewer utilities or town sanitary district water utilities.
2. Tax rates are those issued in November (usually) of the year being reported and are available from the municipal treasurer. Report the tax rates in mills to six (6) decimal places.
3. The assessment ratio is available from the municipal treasurer. Report the ratio as a decimal to six (6) places.
4. The utility plant balance first of year should include the gross book values of plant in service, property held for future use and construction work in progress.
5. An "other tax rate" is included in the "Net Local and School Tax Rate Calculation" to the extent that it is local. An example is a local library tax. Fully explain the rate in the Property Tax Equivalent schedule footnotes.
6. The Property Tax Equivalent to be reported for the year is determined pursuant to Wis. Stat § 66.069(1)(c). Report the higher of the current year calculation or the tax equivalent reported in the 1994 PSC annual report, unless, the municipality has authorized a lower amount, then that amount is reported as the property tax equivalent.
7. If the municipality has authorized a lower amount, the authorization description and date of the authorization must be reported in the Property Tax Equivalent schedule footnotes.

Particulars (a)	Units (b)	Total (c)	County A (d)	County B (e)	County C (f)	County D (g)	
County name			Adams				1
SUMMARY OF TAX RATES							2
State tax rate	mills		0.232753				3
County tax rate	mills		10.037100				4
Local tax rate	mills		5.054166				5
School tax rate	mills		13.005121				6
Voc. school tax rate	mills		1.898971				7
Other tax rate - Local	mills		0.000000				8
Other tax rate - Non-Local	mills		0.000000				9
Total tax rate	mills		30.228111				10
Less: state credit	mills		2.402182				11
Net tax rate	mills		27.825929				12
PROPERTY TAX EQUIVALENT CALCULATION							13
Local Tax Rate	mills		5.054166				14
Combined School Tax Rate	mills		14.904092				15
Other Tax Rate - Local	mills		0.000000				16
Total Local & School Tax	mills		19.958258				17
Total Tax Rate	mills		30.228111				18
Ratio of Local and School Tax to Total	dec.		0.660255				19
Total tax net of state credit	mills		27.825929				20
Net Local and School Tax Rate	mills		18.372206				21
Utility Plant, Jan. 1	\$	603,173	603,173				22
Materials & Supplies	\$	0	0				23
Subtotal	\$	603,173	603,173				24
Less: Plant Outside Limits	\$	0	0				25
Taxable Assets	\$	603,173	603,173				26
Assessment Ratio	dec.		0.859200				27
Assessed Value	\$	518,246	518,246				28
Net Local & School Rate	mills		18.372206				29
Tax Equiv. Computed for Current Year	\$	9,521	9,521				30
Tax Equivalent per 1994 PSC Report	\$	6,763					31
Any lower tax equivalent as authorized by municipality (see note 6)	\$						32
Tax equiv. for current year (see note 6)	\$	9,521					34

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)
INTANGIBLE PLANT		
Organization (301)	0	1
Franchises and Consents (302)	0	2
Miscellaneous Intangible Plant (303)	0	3
Total Intangible Plant	0	0
SOURCE OF SUPPLY PLANT		
Land and Land Rights (310)	0	4
Structures and Improvements (311)	0	5
Collecting and Impounding Reservoirs (312)	0	6
Lake, River and Other Intakes (313)	0	7
Wells and Springs (314)	0	8
Infiltration Galleries and Tunnels (315)	0	9
Supply Mains (316)	0	10
Other Water Source Plant (317)	0	11
Total Source of Supply Plant	0	0
PUMPING PLANT		
Land and Land Rights (320)	0	12
Structures and Improvements (321)	0	13
Boiler Plant Equipment (322)	0	14
Other Power Production Equipment (323)	0	15
Steam Pumping Equipment (324)	0	16
Electric Pumping Equipment (325)	0	17
Diesel Pumping Equipment (326)	0	18
Hydraulic Pumping Equipment (327)	0	19
Other Pumping Equipment (328)	0	20
Total Pumping Plant	0	0
WATER TREATMENT PLANT		
Land and Land Rights (330)	0	21
Structures and Improvements (331)	0	22
Water Treatment Equipment (332)	0	23
Total Water Treatment Plant	0	0
TRANSMISSION AND DISTRIBUTION PLANT		
Land and Land Rights (340)	25	24
Structures and Improvements (341)	0	25

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
INTANGIBLE PLANT			
Organization (301)			0 1
Franchises and Consents (302)			0 2
Miscellaneous Intangible Plant (303)			0 3
Total Intangible Plant	0	0	0
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)			0 4
Structures and Improvements (311)			0 5
Collecting and Impounding Reservoirs (312)			0 6
Lake, River and Other Intakes (313)			0 7
Wells and Springs (314)			0 8
Infiltration Galleries and Tunnels (315)			0 9
Supply Mains (316)			0 10
Other Water Source Plant (317)			0 11
Total Source of Supply Plant	0	0	0
PUMPING PLANT			
Land and Land Rights (320)			0 12
Structures and Improvements (321)			0 13
Boiler Plant Equipment (322)			0 14
Other Power Production Equipment (323)			0 15
Steam Pumping Equipment (324)			0 16
Electric Pumping Equipment (325)			0 17
Diesel Pumping Equipment (326)			0 18
Hydraulic Pumping Equipment (327)			0 19
Other Pumping Equipment (328)			0 20
Total Pumping Plant	0	0	0
WATER TREATMENT PLANT			
Land and Land Rights (330)			0 21
Structures and Improvements (331)			0 22
Water Treatment Equipment (332)			0 23
Total Water Treatment Plant	0	0	0
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)			25 24
Structures and Improvements (341)			0 25

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)	0		26
Transmission and Distribution Mains (343)	357,984	19,971	27
Fire Mains (344)	0		28
Services (345)	81,941	1,977	29
Meters (346)	47,427	2,630	30
Hydrants (348)	54,052	1,692	31
Other Transmission and Distribution Plant (349)	0		32
Total Transmission and Distribution Plant	541,429	26,270	
GENERAL PLANT			
Land and Land Rights (370)	0		33
Structures and Improvements (371)	47,544		34
Office Furniture and Equipment (372)	4,122		35
Computer Equipment (372.1)	0		36
Transportation Equipment (373)	5,688		37
Other General Equipment (379)	4,390		38
Other Tangible Property (390)	0		39
Total General Plant	61,744	0	
Total utility plant in service directly assignable	603,173	26,270	
Common Utility Plant Allocated to Water Department	0		40
Total utility plant in service	603,173	26,270	

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)			0 26
Transmission and Distribution Mains (343)			377,955 27
Fire Mains (344)			0 28
Services (345)			83,918 29
Meters (346)	360		49,697 30
Hydrants (348)			55,744 31
Other Transmission and Distribution Plant (349)			0 32
Total Transmission and Distribution Plant	360	0	567,339
GENERAL PLANT			
Land and Land Rights (370)			0 33
Structures and Improvements (371)			47,544 34
Office Furniture and Equipment (372)			4,122 35
Computer Equipment (372.1)			0 36
Transportation Equipment (373)			5,688 37
Other General Equipment (379)			4,390 38
Other Tangible Property (390)			0 39
Total General Plant	0	0	61,744
Total utility plant in service directly assignable	360	0	629,083
Common Utility Plant Allocated to Water Department			0 40
Total utility plant in service	360	0	629,083

SOURCE OF SUPPLY, PUMPING AND PURCHASED WATER STATISTICS

Month (a)	Sources of Water Supply			Total Gallons All Methods (000's) (e)	
	Purchased Water Gallons (000's) (b)	Surface Water Gallons (000's) (c)	Ground Water Gallons (000's) (d)		
January				0	1
February				0	2
March	12,755			12,755	3
April				0	4
May				0	5
June	16,666			16,666	6
July				0	7
August				0	8
September	16,671			16,671	9
October				0	10
November				0	11
December	16,079			16,079	12
Total for year	62,171	0	0	62,171	
Less: Measured or estimated water used in main flushing and water treatment during year					13
Less: Other utility use					14
Other utility use explanation:					15
Water pumped into distribution system				62,171	16
Less: Water sold				60,085	17
Losses and unaccounted for				2,086	18
Percent unaccounted for to the nearest whole percent (%)				3%	19
If more than 25%, indicate causes and state what action has been taken to reduce water loss:					20
Maximum gallons pumped by all methods in any one day during reporting year				1	21
Date of maximum: 12/31/1998					22
Cause of maximum:					23
There is no maximum. Water is pumped by the City of Adams.					
Minimum gallons pumped by all methods in any one day during reporting year				1	24
Date of minimum: 12/31/1998					25
Total KWH used for pumping for the year				1	26
If water is purchased: Vendor Name: City of Adams Water Utility					27
Point of Delivery: Village Limits, (S. Main St. & Pierce St.)					28

SOURCES OF WATER SUPPLY - GROUND WATERS

Location (a)	Identification Number (b)	Depth in feet (c)	Well Diameter in inches (d)	Yield Per Day in gallons (e)	Currently In Service? (f)
-------------------------	--	----------------------------------	--	---	--

NONE

SOURCES OF WATER SUPPLY - SURFACE WATERS

Location (a)	Intakes			
	Identification Number (b)	Distance From Shore in feet (c)	Depth Below Surface in feet (d)	Diameter in inches (e)

NONE

PUMPING & POWER EQUIPMENT

1. Use a separate column for each pump.
2. Indicate purpose of pump by: P for primary (from source to reservoir, treatment or distribution system), B for booster (from reservoir or treatment to distribution system, or within distribution system), or S for standby pumping equipment.
3. Indicate destination (of water pumped) by: R for reservoir, T for treatment or D for distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
----------------------------	-----------------------	-----------------------	-----------------------

NONE

RESERVOIRS, STANDPIPES & WATER TREATMENT

1. Identify as R (reservoir), S (standpipe) & ET (elevated tank).
2. Use a separate column for each using additional copies if necessary.
3. Enter elevation difference between highest water level in S or ET, (or R only on an elevated site) and the water main where the connection to the storage begins branching into the distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
----------------------------	-----------------------	-----------------------	-----------------------

NONE

WATER MAINS

1. Report mains separately by pipe material, function, diameter and either within or outside the municipal boundaries.
2. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement), or P (Plastic for plastic and all other non-metal excluding asbestos-cement).
3. Identify function as: T (Transmission), D (Distribution) or S (Supply).
4. Explain all reported adjustments as a schedule footnote.
5. For main additions reported in column (e), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If the assessments are deferred, explain.

Number of Feet							
Pipe Material (a)	Main Function (b)	Diameter in Inches (c)	First of Year (d)	Added During Year (e)	Retired During Year (f)	Adjustments Increase or (Decrease) (g)	End of Year (h)
M	D	2.000	359	0	0	0	359
M	D	4.000	1,194	0	0	0	1,194
M	D	6.000	24,878	0	0	0	24,878
M	D	8.000	11,382	0	0	0	11,382
M	D	10.000	3,811	0	0	0	3,811
Total Within Municipality			41,624	0	0	0	41,624
Total Utility			41,624	0	0	0	41,624

WATER SERVICES

1. Explain all reported adjustments as a schedule footnote.
2. Report in column (h) the number of utility-owned services included in columns (c) through (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
3. For services added during the year in column (d), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If installed by a property owner or developer, explain the basis of recording the cost of the additions, the total amount and the number of services recorded under this method.
 - d. If any were financed by application of Cz-1, provide the total amount recorded and the number of services recorded under this method.
4. Report services separately by pipe material and diameter.
5. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement) or P (Plastic for plastic and all other non-metal excluding asbestos-cement).

Pipe Material (a)	Diameter in Inches (b)	First of Year (c)	Added During Year (d)	Removed or Permanently Disconnected During Year (e)	Adjustments Increase or (Decrease) (f)	End of Year (g)	Utility Owned Services Not In Use at End of Year (h)	
M	0.750	264	0	0	0	264		1
M	1.000	48	2	0	0	50		2
M	1.500	6	0	0	0	6		3
M	2.000	12	0	0	0	12		4
M	6.000	4	0	0	0	4		5
M	8.000	1	0	0	0	1		6
Total Utility		335	2	0	0	337	0	

METERS

1. Include in Columns (b), (c), (d), (e) and (f) meters in stock as well as those in service.
2. Report in Column (c) all meters purchased during the year and in Column (d) all meters junked, sold or otherwise permanently retired during the year.
3. Use Column (e) to show correction to previously reported meter count because of inventory or property record corrections.
4. Totals by size in Column (f) should equal same size totals in Column (o).

Number of Utility-Owned Meters

Size of Meter (a)	First of Year (b)	Added During Year (c)	Retired During Year (d)	Adjustments Increase or (Decrease) (e)	End of Year (f)	Tested During Year (g)	
0.625	318	24	18	0	324	54	1
0.750	1	2	0	0	3	3	2
1.000	23	0	0	0	23	0	3
1.250	2	3	0	0	5	0	4
1.500	4	0	0	0	4	0	5
2.000	8	0	0	0	8	1	6
3.000	3	0	0	1	4	1	7
4.000	5	0	0	1	6	3	8
Total:	364	29	18	2	377	62	

Classification of All Meters at End of Year by Customers

Size of Meter (h)	Residential (i)	Commercial (j)	Industrial (k)	Public Authority (l)	Wholesale, Inter-Department or Utility Use (m)	In Stock and Deduct Meters (n)	Total (o)	
0.625	238	33	0	6	0	47	324	1
0.750	3	0	0	0	0	0	3	2
1.000	4	5	0	7	0	7	23	3
1.250	0	5	0	0	0	0	5	4
1.500	0	1	0	3	0	0	4	5
2.000	0	2	0	4	0	2	8	6
3.000	0	0	1	1	0	2	4	7
4.000	0	4	1	0	0	1	6	8
Total:	245	50	2	21	0	59	377	

HYDRANTS AND DISTRIBUTION SYSTEM VALVES

1. Distinguish between fire and flushing hydrants by lead size.
 - a. Fire hydrants normally have a lead size of 6 inches or greater.
 - b. Record as a flushing hydrant where the lead size is less than 6 inches or if pressure is inadequate to provide fire flow.
2. Explain all reported adjustments in the schedule footnotes.
3. Report fire hydrants as within or outside the municipal boundaries.

Hydrant Type (a)	Number In Service First of Year (b)	Added During Year (c)	Removed During Year (d)	Adjustments Increase or (Decrease) (e)	Number In Service End of Year (f)	
Fire Hydrants						
Outside of Municipality	0				0	1
Within Municipality	61				61	2
Total Fire Hydrants	61	0	0	0	61	
Flushing Hydrants						
	1				1	3
Total Flushing Hydrants	1	0	0	0	1	

Wis. Admin. Code § 185.87 requires that a schedule shall be adopted and followed for operating each system valve and hydrant at least once each two years. Report the number operated during the year

Number of hydrants operated during year:	62
Number of distribution system valves end of year:	101
Number of distribution valves operated during year:	52

WATER OPERATING SECTION FOOTNOTES

Water Utility Plant in Service (Page W-08)

Additons for mains, services and hydranta are add-on charges from a 1997 project.

Water Services (Page W-16)

Additions paid for by customers.

Meters (Page W-17)

Adjustments due to inventory being taken.
